REVENUE IMPACT OF PROPOSED LEGISLATION
78th Oregon Legislative Assembly
2016 Regular Session
Legislative Revenue Office

Bill Number: HB 4025 - B
Revenue Area: Income Tax
Economist: Christine Broniak
Date: 2-17-2016

Only Impacts on Original or Engrossed Versions are Considered Official

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Measure Description:
Updates connection date to federal Internal Revenue Code and other provisions of federal tax law.

Revenue Impact (in $Millions):

	2015-17	2017-19	2019-21
Credit percentage of 45% for three or more qualifying children made permanent	0	-1.2	-3.4
Increase beginning and ending income levels for joint returns by $5,000 indexed after 2009 made permanent	0	-0.8	-2.0
Total (General Fund)	**0**	**-2.0**	**-5.4**

Impact Explanation:
Oregon has a “rolling reconnect” in which it ties to the federal taxable income as it is in the Internal Revenue Code (I.R.C.) each year. The reconnect bill changes dates in statutes that reference the I.R.C. The revenue impact from the dates changed in the annual reconnect bill is much smaller than the impact from the automatic reconnect. Changes to federal tax law occurred under the “Protecting Americans from Tax Hikes Act” in 2015. Most of these changes are automatically adopted by Oregon, but the reconnect bill changes the dates of reference to the I.R.C. The Earned Income Tax Credit (E.I.T.C) in Oregon is 8 percent of the federal Earned Income Tax Credit. Since this measure updates the connection to the I.R.C., it incorporates changes to the E.I.T.C. at the federal level at the state level. In recent years, there has been a credit percentage of 45% for taxpayers with three or more qualifying children. This change was made permanent in the “Protecting Americans from Tax Hikes Act.” Previously, the provision was scheduled to sunset in tax year 2017. The reconnect bill would therefore make the change permanent, affecting tax years 2018 and beyond. The income brackets for married filers has been elevated by $5,000. That change has been made permanent at the federal level as well.

Creates, Extends, or Expands Tax Expenditure: Yes ☐ No ☒

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